

Income Tax Subtraction Removal of Age Requirement

OBJECTIVE:

Amend and reenact § 58.1-322.02 of the Code of Virginia to correct and remove 55- year-old age requirement.

BACKGROUND:

Beginning in 2023, Virginia veterans over the age of 55 years old will receive partial subtraction of their military retirement from state income taxes, an historic step by the General Assembly and Governor. The objective of the present initiative is removing the age limitation of 55-years old and allow military retirees aged 40-years and over to also receive partial subtraction of their military retirement.

DISCUSSION:

- a. In 2022, § 58.1-322.02 of the Code of Virginia was amended by the General Assembly and reenacted to exempt from State income tax recipients of military retirement benefits that are age 55 or older.
- b. Many servicemembers entered the military in their late teens or early 20s, and retire after 20 to 30 years, e.g., when 38 to 48 years old. At retirement, most servicemembers relocate from their military base or station, and most begin civilian careers by moving to states that have greater benefits. They need not wait until 55-years old for a partial tax exemption. They can move now.
- c. 38-to-48-year-old, retired servicemembers work in civilian jobs, generate taxable property and civilian income, and are good citizens. They come out of the service as highly skilled technicians, managers, and leaders that are highly sought and hard to find elsewhere and provide the resources to make Virginia a dynamic business environment.
- d. Virginia promises to be veteran friendly and seeks to be the home for retiring servicemembers and keep in Virginia retired service members. It is asked that Virginia be friendly to these younger veterans and keep them in Virginia.

RECOMMENDATION: That the Governor and General Assembly remove the 55- year limitation on exemption of military retirement income from state tax.